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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

12 June 1952

SUBJECT: NIE-61: Consequences of Communist Control over the Indian Subcontinent\* (Revised Staff Draft for Board Consideration)

THE PROBLEM

To estimate the strategic consequences to the West and to the Soviet Bloc of the establishment of Communist control over the Indian subcontinent without either the Middle East or Southeast Asia having previously come under Communist control. Whether or not the subcontinent is likely to come under Communist control is a question beyond the scope of this estimate.

I. POLITICAL AND PSYCHOLOGICAL CONSEQUENCES

1. The establishment of Communist control over the Indian subcontinent would be a serious blow to Western prestige throughout the world, would greatly strengthen the Communist claim to speak for the non-white peoples

\* For the purposes of this estimate, the Indian subcontinent will be taken to include India, Pakistan, Afghanistan, the border states of Nepal, Sikkim, and Bhutan, and Ceylon.

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of Asia and Africa, and would have a profound shock effect throughout the Middle and Far East. The loss of the subcontinent, following on the loss of China, would create the impression that Communism was the "wave of the future" and would soon engulf all Asia and eventually the entire world.

2. The specific effects of a Communist accession to power in the subcontinent would depend on the circumstances under which the Communists gained control and on the nature of the Western reaction thereto. In general, however, the following political and psychological consequences could be expected, regardless of the circumstances under which the Communist assumption of power took place:

- a. Southeast Asia. Mainland Southeast Asia would probably soon come under Communist control. The already shaky government of Burma, menaced both from without and within, would probably succumb to the Communists in fairly short order, while Thailand, because of its weakness and exposed position, would probably feel compelled to switch from its present pro-Western position to a policy of appeasing its Communist neighbors. The cost of maintaining Western control in Indochina and Malaya would greatly increase, and France and the UK might well decide to abandon their respective commitments there. Although Indonesia would be less directly

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affected than its mainland neighbors, it would also probably be drawn into the Communist orbit unless convinced by strong Western action that its military, political, and economic position could be adequately maintained through cooperation with the West.

- b. Near and Middle East. The reaction of Iran, the Arab states, and Israel would be dependent on their estimate of the determination and ability of the West to resist further Communist expansion. Greece and Turkey would probably remain firmly allied with the West.
- c. The non-Communist Far East. Japan's fears for its security, its sense of isolation from the other major powers of Asia, and its incentive to trade with the Communist bloc would increase, but it would probably retain its alliance with the US. The government of the Philippines would undergo similar qualms but, being less capable of acting independently, would probably concentrate on obtaining additional military commitments from the US. Australia and New Zealand would probably increase the pace of their own defense efforts, concentrating on protection of their own territories. South Korea and the Chinese Nationalists would remain

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dependent on Western help and would thus have little freedom of action.

- d. Western Europe. The peoples of Western Europe would become more concerned about the West's ability to halt the spread of Communism anywhere in the world. The governments of the UK and France would probably come under strong pressure to abandon their costly and difficult attempts to hold on to Indochina and Malaya in order to concentrate on defense of their metropolitan territory.

## II. ECONOMIC CONSEQUENCES

### A. Effect on the Economic Position of the West\*

3. The area of the Indian subcontinent is currently important to the non-Communist world as a major source of several strategic raw materials and of a number of widely used though less critically important items. The principal commodities involved are as follows: \*\*

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\* This section is based largely on an EIC contribution to the forthcoming NIE-56, Likelihood of Loss of Important Economic Resources in Selected Foreign Areas.

\*\* India also has unequalled reserves of monazite sands, from which thorium (of potential use for atomic energy) and rare earths can be obtained, and also is a source of beryl, of some strategic importance in beryllium copper. Although India has thus far prohibited the export of monazite, it has entered into negotiation for its sale to the US. India restricts the exportation of beryl and the US has been able to obtain only minor amounts.

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- a. Manganese ore--India currently supplies about 25 percent of the non-Communist world's consumption of manganese ore, which is widely used as an alloy for steel, and about 35 percent of that used by the US. Since the Indian product is almost all markedly superior in grade to that obtainable elsewhere, its importance is greater than the percentage figures given here would indicate.
- b. Mica--India is virtually the sole supplier to the West of the more critical classes of block and sheet muscovite mica, which is used in manufacture of vacuum tubes and other communications equipment, boiler gauges, and oxygen breathing equipment.
- c. Graphite--Ceylon is now the only significant non-Communist source of high grade amorphous lump graphite, which is used in manufacture of carbon brushes for electrical equipment.
- d. Jute and Jute products--India and Pakistan furnish virtually all the jute and jute products which enter world trade. Jute is the principal material used in bags and bale coverings for transport and storage of bulk commodities like grain, fertilizer, cement, and cotton.

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- e. Other products--India is the chief world supplier of premium quality kyanite, which is a high grade refractory used in electric furnace linings, electrical and chemical porcelain, and spark plugs; furnishes about 75 percent of the world's supply of high grade shellac; and provides about a quarter of the world's supply of opium for medical purposes.

India and Ceylon together produce close to 85 percent of the tea entering international trade and about two thirds of the black pepper. Ceylon is a relatively minor source of rubber for the non-Communist world.

4. If the Communists gained control of the subcontinent, the principal strategic materials listed above would inevitably be unavailable to the West in wartime and might well be denied under cold war conditions as well. The Communists would probably continue to export less critical items like tea, black pepper, and possibly jute in exchange for food-stuffs and other products not now subject to Western export controls. In addition, they might initially be willing to continue supplying strategic materials like manganese, mica, and graphite to the West if the latter did not apply to the subcontinent the export controls now in force against the other Communist countries, since the loss of the petroleum products, machinery, and other controlled items which the subcontinent now obtains

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from the West in exchange for these strategic raw materials would impose a considerable strain on the economy of the subcontinent. Barring a major change in the over-all pattern of East-West trade, however, a gradual drying up of the subcontinent's trade with the West would almost certainly take place, because the West would seek to develop alternate sources of critical materials and the Communists in the subcontinent would attempt to move toward greater self-sufficiency. Even a temporary modus vivendi would be out of the question if the USSR considered the denial of strategic materials to the West of sufficient importance or if the US and its allies went ahead with imposition of export controls.

5. Denial of the subcontinent's products to the West as a result of a Communist accession to power would require substantial readjustments on the part of the US and its allies. The West would have to spend time and money in developing generally more expensive and qualitatively less satisfactory alternate sources, would have to develop substitute materials in some cases, and would have to accept some reductions in quantity or quality of output until these adjustments had been made.

10. The impact on the West of the denial of the subcontinent's strategic materials would depend on the extent to which stockpiling goals had been achieved and alternate sources expanded at the time that the subcontinent's resources were cut off. Although denial of these resources would not necessitate any significant reduction in defense and essential

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consumption in the US, the over-all effect, in terms of the magnitude of the readjustments required, would almost certainly be serious at any time up through 1954. The present outlook with respect to the principal strategic commodities named above is as follows:

- a. Manganese ore—The US could initially maintain its own steel production by drawing on its manganese stockpile, and significant reductions in the output of other Western countries, where little stockpiling has taken place, could also be averted if US reserves were made available in sufficiently large quantity. The US stockpile, which was 45 percent complete at the end of 1951, is probably sufficient to meet all Western manganese requirements for about two and a half years. In the long run, adequate supplies of manganese could be obtained from other sources—notably Brazil, the Gold Coast, South Africa, Belgian Congo, and Angola—where some expansion of facilities to meet the increasing demand for manganese is already taking place. However, an increase in output sufficient to make up completely for the loss of Indian manganese would require several years in view of manpower and equipment shortages, transport and loading facility bottlenecks, and various other problems, and some

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curtailment of steel production might be required to prevent depletion of the stockpile before these other sources had come into full production. In any event, loss of the superior Indian ore would require adjustments in metallurgical practice, entailing some loss in rate of production, and higher costs.

- b. Mica--Loss of the Indian supply of block and sheet mica would require drastic conservation measures in the US, where stockpiling is only about 20 percent complete, and even more stringent curbs on consumption in the other Western countries, where stockpiles are virtually nonexistent. Stocks now in the US of these critical classes of mica represent about a year's supply. Development of new sources would be very costly and the efforts being made to develop substitutes cannot be expected to show usable results for several years.

- c. Graphite--Since Ceylon is the only source of high grade amorphous lump graphite, the US would have to draw on its stockpile, notably for such rigorous uses as carbon brushes in high-altitude aircraft, and modify specifications for other end-items where inferior grades of graphite might possibly be used. Although the US stockpile was close to its goal of 3,356 metric tons at the end of 1951, that level represented only about a quarter of Ceylon's annual exports.

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- d. Jute and jute products--The loss would be serious, involving far-reaching conservation measures and costly adjustments, especially for countries like those of Western Europe where substitutes are less readily available and would involve foreign exchange problems.
- e. Other products--Development of synthetic substitutes for Indian kyanite is well under way, and the loss of the Indian product should cause no serious difficulties. Loss of Indian shellac would involve higher costs and widespread inconvenience since different substitutes would have to be developed for most of the various uses of shellac. Loss of Indian opium would inconvenience the UK, which has obtained most of its supply from the subcontinent.

B. Effect on the Economic Position of the Soviet Bloc

6. At least in the short run, Communist control of the subcontinent would provide few economic benefits to the rest of the Soviet Bloc and might well prove to be an economic liability. The USSR would probably hasten to exploit India's thorium-bearing monazite for atomic energy purposes, and the Bloc as a whole could probably use the limited amounts of rubber, cotton, and cotton textiles available, as well as moderate amounts of mica, graphite, iron and manganese ores, beryl,

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and jute products, Nevertheless, the amount of goods that the Soviet Bloc could absorb would be relatively small, in terms both of the subcontinent's present exports and of total Soviet Bloc consumption, and the strategic gain to the Bloc--except possibly with respect to monazite--would be limited.

7. The extent to which a Communist subcontinent would represent an economic liability for the rest of the Bloc would depend in the short run in part on the extent to which the subcontinent to obtain present imports from the West, and in part on Communist ability to cope with the major internal readjustments arising from the transfer of political and economic power to a Communist regime. The cutting off of major Western imports would impose a heavy economic strain on the subcontinent which the USSR would have difficulty in relieving. Just as the subcontinent's principal exports are commodities for which the Soviet Bloc has no great immediate need, so its principal present imports--notably petroleum products, machinery and other metal manufactures, industrial chemicals, and foodstuffs--are items which the Communist world cannot easily spare. The USSR's willingness and ability to make up for the loss of Western products would be sharply limited by competing demands within the Bloc, by the grave shortage of shipping facilities, and by the general concept that it is each Communist regime's responsibility to achieve economic goals through use of its own resources rather than through grants and

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loans from the USSR. The Soviet Bloc would probably thus be willing to supply the subcontinent's most urgent import requirements only to the limited extent that the subcontinent itself contributed goods needed by the Soviet Bloc. Although a subcontinent Communist regime could probably, under these circumstances, maintain itself in power by adopting extreme measures, it would almost certainly exert strong pressure on the USSR for substantial economic assistance.

8. Action with regard to the subcontinent's food supply would be particularly urgent. Although the Soviet Bloc might be able to ship about one million tons of grain and Burma might be induced to provide another million tons, this total would represent only about half or less of the grain which the area has imported annually in recent years. Local famines would probably occur despite ruthless methods of crop collection. If the Communists were sufficiently well entrenched to clash with religious sentiment, they might be able to save an additional million tons of grain now consumed by monkeys and cattle.

9. Industrial output would almost certainly decline. Although the USSR and Rumania could theoretically provide much of the six million metric tons of petroleum now obtained from the Middle East for internal consumption, lack of tankers would probably permit the shipment of only insignificant amounts to the subcontinent. Despite possible conversion

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of oil-burning equipment to coal, which is plentiful in the subcontinent, bottlenecks in production would almost certainly result. The denial of the spare parts and other capital equipment, industrial chemicals, and miscellaneous metal products previously obtained from the West would impose further curbs on industrial output.

10. Under these circumstances, the prospects of a Communist subcontinent's becoming a major center of Communist economic power appear exceedingly remote. Although the subcontinent has huge manpower reserves, the basic raw materials needed in heavy industry, and an extensive existing productive plant, large-scale exploitation of these resources would require considerable time and tremendous capital investment. On the basis of the Japanese experience, an industrial complex of the order of that existing in Japan and Manchuria at the start of the World War II might theoretically be achieved in 15 to 20 years. However, such a rate of development, which would require the importation of capital equipment of the order of half a billion dollars annually, would clearly be beyond the capabilities of a Communist regime in the subcontinent, which would probably be cut off from the major Western sources of capital equipment, could expect only limited assistance from the USSR, and would probably be confronted with serious problems of internal economic adjustment as well. Although it is probable that an improvement in agricultural output and an expansion of certain critical industrial facilities would eventually be achieved, the general pace of economic development would almost certainly be extremely slow.

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### III. MILITARY CONSEQUENCES

#### A. Existing Forces and Facilities

11. The nations of the subcontinent possess forces in being of approximately 650,000, some 1,500,000 trained reservists, and a vast reservoir of manpower. The armies of India and Pakistan, comprising more than 90 percent of present active strength, are well-trained and well-disciplined forces of good fighting quality. Both countries have small air forces designed primarily for support of ground operations and a few light naval surface vessels.\*

12. The subcontinent's other military assets include:

- a. A large number of excellent airbases and airbase sites (notably in West Pakistan) within medium and heavy bomber range of major industrial and governmental centers in Soviet Central Asia and the interior of Communist China. Communications and other facilities are adequate for maintenance of large-scale operations from these bases.
- b. Major ports, airbases, and other facilities which could be used: (1) for maintenance of communications between Western Europe and the Far East

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\* See Annex A for further details on subcontinent military forces.

and for logistical support of possible military operations in the Middle or Far East or (2) for the support of air and naval action against these communications.

c. Limited facilities for production of arms and equipment. Although these facilities can supply significant amounts of small arms and ammunition, the subcontinent is dependent on outside sources for most other major items of materiel.

B. Effect on Western Military Capabilities

13. Establishment of Communist control over the Indian subcontinent would have little effect on the present military strength of the US and its allies. The Western powers might be compelled to undertake some shifts in military supply routes and possibly some redeployment of forces to take account of the changed military situation in the subcontinent, while the loss of Nepal would prevent further British recruiting of Gurkha troops and possibly weaken the morale of the 6,000-odd Gurkhas now serving with the British in Malaya. Except in these relatively minor ways, however, the military strength now available against the Soviet Bloc would be virtually unchanged. The forces and military

installations of India and Pakistan, the only two militarily significant powers of the area, are not now available to the West as a result of the non-involvement policies being pursued by the two governments. Moreover, these forces, though large in comparison to those of their non-Communist neighbors, are far weaker than those of Communist China and the USSR and, in any event, are currently tied down because of the Kashmir dispute. From a purely military standpoint, they thus do not constitute a significant deterrent to Communist military expansion, in the neighboring areas of Southeast Asia or the Middle East.

14. Communist accession to power in the subcontinent would, however, be of some significance in denying a potential source of additional Western military strength. Pakistan has repeatedly suggested that it might be willing to participate in Western defense arrangements if the Kashmir dispute were settled satisfactorily, and it is possible that even India might eventually be induced to participate in Western defense arrangements. Wartime access to the subcontinent's airbase and port facilities would add significantly to Western capabilities for air operations against the USSR and for other

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military operations in the Middle or Far East. Western military planners have already manifested an interest in obtaining Pakistani assistance in the defense of the Middle East. Although most of the remaining forces in being would probably have to be left in defensive positions at home in the event of Indian and Pakistani participation in a war on the side of the West, they might to a limited extent tie down Communist troops in the Central Asian area. The subcontinent's manpower reserves, trained and untrained, would be useful to the West to the extent that manpower rather than equipment was the significant factor limiting the expansion of Western military strength.

C. Effect on Soviet Bloc Military Capabilities

15. Communist control of the subcontinent would increase the size of the military forces available to the Soviet Bloc and would provide it with an additional base of operations strategically located with respect to the Middle East and Southeast Asia and to the main line of communications between Western Europe and the Far East. It is unlikely, however, that the Soviet Bloc's military capabilities would be significantly increased, at least for many years to come.

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16. The immediate effect on Soviet Bloc military capabilities would almost certainly be small. The particular circumstances under which the Communists achieved power might well entail heavy troop requirements for internal security duty, reluctance to fight for the Communists on the part of many of the present troops, and combat losses of men and equipment. Even if these adverse effects were largely avoided and sizeable forces in being were thus made available for possible aggressive operations against Southeast Asia and the Middle East, the usefulness of these forces, except possibly on political grounds, would be limited. The Chinese Communists and the USSR respectively can already muster a preponderance of force for operations in these two areas. Moreover, Communist use of subcontinent forces against these areas would be subject to serious operational limitations, inasmuch as: (a) the land routes available for such operations traverse extremely difficult mountainous terrain and would involve major logistical problems; and (b) shipping for use in amphibious or other seaborne operations would be difficult to assemble and highly vulnerable to Western naval attack. While control of the subcontinent's air and naval bases would put the

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Communists in a position to attack essential Western communications through the Indian Ocean, as well as possible air and naval targets in Southeast Asia and the Middle East, present subcontinent air and naval forces would be almost completely inadequate for such a purpose and could be readily neutralized by Western forces.

17. Even in the long run, the chances that a Communist subcontinent would contribute significantly to overall Soviet Bloc military capabilities are small.

Although the USSR would have an opportunity to exploit the subcontinent's military potential much as it has that of Communist China, the Soviets would probably be deterred from doing so by the following considerations:

- a. A large-scale buildup of subcontinent military forces and installations would require a heavy investment in technical and material assistance, either through direct supply of military end-items or through development of the subcontinent's now limited war industry. This investment could be made only at the expense of military and economic requirements elsewhere in the Bloc which are likely to remain pressing for many years to come.

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- b. Difficulties of access and control would make a Soviet investment in subcontinent military power a risky one. Unlike Communist China, the subcontinent has no major overland communications with the rest of the Soviet Bloc and would therefore have to be supplied almost entirely by sea. In the event of war, the subcontinent military establishment's supply lines would thus be gravely vulnerable to Western naval interdiction.
- c. Any large-scale buildup of the subcontinent military establishment, especially one which lessened the subcontinent's dependence on vulnerable supply lines, would weaken the control which the USSR itself could exercise over the subcontinent.
- d. Such a buildup would offer little strategic gain to the Soviets. As indicated above, difficulties of terrain and the availability of adequate alternative forces would make it inexpedient--except possibly on political grounds--to use large contingents from the subcontinent in either Southeast Asia or the Middle East, the only areas in which they could be employed at all without a marked change in the world balance of naval power.

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18. In view of these factors, the Soviet contribution to subcontinent military strength would probably be limited. The USSR could be expected to provide some assistance in building up the subcontinent's armed forces and war industries, but only to the extent of internal security and defense requirements. The USSR would probably underwrite some limited expansion of subcontinent air and naval forces, possibly providing some interceptor and ground attack aircraft, as well as patrol craft, coastal submarines, and other light naval equipment similar to that it has supplied to Communist China and North Korea. The Soviets, however, would probably not wish to build up subcontinent air strength significantly, particularly in the absence of uninterrupted supplies of POL, and would almost certainly be unwilling to commit major naval units to the Indian Ocean area.

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